

## Message Text

UNCLASSIFIED

PAGE 01 OECD P 09164 01 OF 02 291656Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00  
EB-08 FMC-02 INR-07 NSAE-00 CG-00 DLOS-09 OES-06  
L-03 AID-05 CEA-01 EA-09 FRB-01 IO-13 NEA-10  
USIA-15 OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01  
AGRE-00 OMB-01 /116 W  
-----291704Z 028634 /43

R 291702Z MAR 77  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 5920  
INFO ALL OECD CAPITALS  
USMISSION EC BRUSSELS

UNCLAS SECTION 01 OF 02 OECD PARIS 09164

DEPT PASS MARAD, FMC

E.O. 11652: N/A  
TAGS: ETRN, OECD  
SUBJECT: MARCH 22-23 MEETING OF WP6 ON SHIPBUILDING

REFS: A) TOKYO 3975; B) OECD PARIS 4431

1. SUMMARY - WP6 ON SHIPBUILDING MET MARCH 22-23 AND  
HEARD TRADE UNION ADVISORY COMMITTEE CONCERNS ABOUT  
INDUSTRY CRISIS. EC AND OTHER COUNTRIES CONTINUED TO  
PRESSURE JAPANESE TO BE MORE SPECIFIC ABOUT PROPOSALS  
TO REDUCE CAPACITY AND TO INCREASE PRICES BEYOND  
5 PERCENT. JAPANESE DEL COUNTER-ATTACKED FOR FIRST  
TIME IN DEMANDING THAT COUNTRIES PROVIDING SUBSTANTIAL  
AID TO THEIR SHIPBUILDING INDUSTRY REPORT ON SUCH  
MEASURES AT NEXT MEETING. WP MEMBERS AGREED TO REPORT  
ON NEW MEASURES AT NEXT SESSION. WP MEETS NEXT ON  
MAY 3-4. END SUMMARY.

2. DE FACTO EUROPEAN-JAPANESE ACCOMMODATION -  
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PAGE 02 OECD P 09164 01 OF 02 291656Z

THE WP UNANIMOUSLY APPROVED, WITH SLIGHT MODIFICATION,  
DRAFT OF AN AIDE-MEMOIRE. WHILE AIDE-MEMOIRE WILL BE,  
OSTENSIBLY, A PROGRESS REPORT ON THE WORKING PARTY'S  
ACTIVITIES, THE DOCUMENT WILL, IN EFFECT, FORMALIZE  
THE EUROPEAN-JAPANESE ACCOMMODATION TO DEAL WITH THE  
OVER-CAPACITY CRISIS.

3. CONSULTATIONS WITH TRADE UNION ADVISORY COMMITTEE - THE WP MET WITH OFFICIALS OF THE TUAC WHO VOICED THEIR CONCERN OVER THE EMPLOYMENT AND SUBSEQUENT SOCIAL PROBLEMS RELATED TO THE SHIPBUILDING RECESSION. THE TUAC SPOKESMAN, HERMAN REBHAN, INTERNATIONAL METAL WORKERS FEDERATION SEC GEN, REPEATED PROPOSALS TUAC MADE LAST NOVEMBER TO AMELIORATE CRISIS AND SECURE EMPLOYMENT (SEE C/WP6(76)40). REBHAN SAID THAT WP6 PROJECTIONS OF LONG-TERM DEMAND ARE OVERLY-PESSIMISTIC AND WILL LEAD TO AN UNJUSTIFIED OVER-REACTION WHICH COULD REDUCE EMPLOYMENT AND SHIPYARD CAPACITY BELOW LEVELS SUFFICIENT TO MEET A RESURGENT MARKET DEMAND IN THE 1980'S. WORKING PARTY OFFICIALS EXPLAINED THE RATIONALE OF THEIR DEMAND FORECASTS AND EMPHASIZED THAT WHILE THE WP WAS SYMPATHETIC TO TUAC GOALS, IT WAS NOT WITHIN WP'S SCOPE OF WORK OR RESPONSIBILITY TO ATTEMPT TO STIMULATE SHIPBUILDING DEMAND THROUGH THE VARIOUS MEANS PROPOSED BY TUAC. THEY SAID THE JOB OF WP6 IS TO SOFTEN THE IMPACT OF THE CRISIS AS IT EXISTS TODAY.

4. JAPANESE RESPONSE TO EC AND OTHER QUESTIONS - JAPANESE DEL PROVIDED COMPLETE AND DETAILED RESPONSE TO A SERIES OF TECHNICAL QUESTIONS POSED BY THE EC (SEE REF A) REGARDING THE MECHANISM FOR IMPOSITION OF PRICE AND MANHOUR CONTROLS BY THE GOJ OVER JAPANESE SHIPYARDS AS OUTLINED AT LAST WP MEETING. HOWEVER, WHILE QUICK TO ANSWER TECHNICAL QUESTIONS, JAPANESE DEL REFUSED TO DISCUSS WITH PRECISION SUCH SUBSTANTIVE UNCLASSIFIED

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PAGE 03 OECD P 09164 01 OF 02 291656Z

ISSUES AS "INDUSTRY SELF-RESTRAINT", DEFINITION OF "PAST LEVELS" OF PRODUCTION, ETC. EC AND INDIVIDUAL WESTERN EUROPE DELEGATIONS ALSO EXPRESSED CONCERN OVER WHAT THEY CONSIDERED AN EXCESSIVE CONCENTRATION OF NEW ORDERS FLOWING TO JAPAN IN JANUARY AND FEBRUARY OF THIS YEAR. EUROPEANS STATED THIS WAS POSSIBLY RESULT OF SPECULATIVE ORDERING IN ANTICIPATION OF JAPANESE GOVERNMENT'S MANDATED PRICE INCREASE. JAPANESE STATED THERE WAS NO WAY TO CONTROL THIS PHENOMENON. ADDITIONALLY, JAPANESE DEL SAID EC USE OF LLOYD'S STATISTICS TO PROVE EXCESSIVE CONCENTRATION BY ANY COUNTRY DURING JAN-FEB. 1977 PERIOD WAS NOT APPROPRIATE AND FIGURES MAY NOT BE CORRECT. EC RESPONDED IT WAS NOT MAKING AN ACCUSATION, BUT ATTEMPTING TO CLARIFY ACTUAL SITUATION. JAPANESE DEL NOTED STATISTICS DO NOT REFLECT UNIQUE SITUATION IN JAPAN REGARDING EMPLOYMENT, MANHOURS WORKED, OR TRANSFER OF WORKERS TO OTHER ACTIVITIES. SEVERAL DELEGATIONS REFERRED TO PRESS REPORTS ALLEGING A SPECIAL INDUSTRY-LEVEL AGREEMENT

BETWEEN JAPAN AND GERMANY PROHIBITING JAPANESE YARDS

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PAGE 01 OECD P 09164 02 OF 02 291654Z  
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UNCLAS SECTION 02 OF 02 OECD PARIS 09164

FROM BUILDING SHIPS FOR GERMAN OWNERS. JAPANESE DEL  
DENIED ANY KNOWLEDGE OF SUCH AN ARRANGEMENT AND GERMAN  
DELEGATION, WHILE NOT CONFRONTED DIRECTLY, REMAINED  
SILENT. UK DEL, THE EC'S VOICE DURING CURRENT WP  
SESSIONS, LAMENTED THAT JAPANESE "UNILATERAL" WITHDRAWAL  
FROM ONE MARKET, WILL ONLY INCREASE PRESSURE ON OTHER  
MARKETS AND EXACERBATE PROBLEM. EC AND OTHER EUROPEAN  
DELEGATIONS ALSO VOICED DISSATISFACTION WITH THE IN-  
SUFFICIENCY OF THE 5 PERCENT JAPANESE PRICE INCREASE  
IN VIEW OF THE 30 TO 50 PERCENT JAPANESE/EUROPEAN PRICE  
GAP.

5. PROPOSED US OIL CARRIER PREFERENCE LEGIS-  
LATION -  
SWEDISH DELEGATE EXPRESSED CONCERN OVER PROPOSED OIL  
CARRIER PREFERENCE LEGISLATION IN US. US OBSERVER  
ASSURED WP THAT FOREIGN GOVERNMENTS' CONCERNS WILL BE  
TAKEN INTO CONSIDERATION BY US ADMINISTRATION; THAT  
ADMINISTRATION HAS NOT YET TAKEN A POSITION ON THE  
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PAGE 02 OECD P 09164 02 OF 02 291654Z

PROPOSAL, AND WE COULD NOT PREDICT FINAL OUTCOME. HE FURTHER INVITED WP TO TAKE NOTE OF RECENT OIL POLLUTION PROPOSALS BY PRES. CARTER AND IMPLICATIONS OF NEWLY PROPOSED VESSEL SAFETY STANDARDS ON SHIPBUILDING MARKET. UK REP RETORTED ACIDLY "PRESIDENT CARTER'S UNILATERAL PROPOSALS WILL RECEIVE NO WELCOME IN THE UK. THE US MAINTAINS ONE OF THE WORLD'S LARGEST ORDER BOOKS, AND WE ARE NOT INTERESTED IN EXCHANGING ONE PROBLEM FOR ANOTHER." SWEDISH REP SAID SWEDEN WILL EVENTUALLY REDUCE SHIPBUILDING CAPACITY BY 50 PERCENT OVER 1974 AND NOTED THAT JAPANESE FIGURES DO NOT INDICATE SUBSTANTIVE REDUCTIONS IN DIRECT SHIPYARD WORK FORCE.

6. JAPANESE COUNTER-ATTACK -

JAPANESE DEL REFERRED TO RECENT PRESS REPORTS OF PROPOSED GOVERNMENTAL MEASURES IN SWEDEN, WEST GERMANY, NETHERLANDS AND UK TO SUPPORT THEIR SHIPBUILDING INDUSTRIES. HE THEN SAID THAT SUCH MEASURES MAY BE IN CONFLICT WITH OECD GUIDELINES AND COULD SET OFF CHAIN REACTION THAT COULD LEAVE WP IN CHAOS. UK DEL COUNTERED THAT FAILURE OF WP (READ JAPAN) TO MAKE ADEQUATE PROGRESS HAD FORCED UK TO PROPOSE SUCH MEASURES UPON WHICH HE WOULD REPORT AT NEXT MEETING. CHAIR THEN INVITED ALL MEMBERS (AND OBSERVERS) TO REPORT ON NEW MEASURES AT NEXT WP SESSION. WP MEMBERS ACCEPTED CHAIRMAN'S INVITATION.

7. NEXT MEETING -

WP6 NEXT MEETS MAY 3-4, 1977. SUB-GROUP ON SUPPLY-DEMAND MEETS MAY 2 AT 3:00 PM.  
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## Message Attributes

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